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FISCAL IMPACT STATEMENT

LS 6590

BILL NUMBER: HB 1051

NOTE PREPARED: Feb 20, 2007

BILL AMENDED: Feb 19, 2007

SUBJECT: Motor Fuel Tax Exemption.

FIRST AUTHOR: Rep. Crooks

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill:

A) provides a motor fuel tax exemption for a pickup truck that: (1) has been modified to include a third free rotating axle; (2) is not greater than 26,000 pounds; and (3) is used solely for personal use and not for commercial use.

B) expands tax exemption from the aircraft registration requirements for nonresidents who leave their planes with a dealer for repair, remodeling, or refurbishing to include those owning repair shops certified by the Federal Aviation Administration.

Effective Date: January 1, 2008.

Explanation of State Expenditures: *(Revised) Aircraft License Excise Tax:* The Department of State Revenue (DOR) will be required to amend Aircraft License Excise Tax forms, as well as update computer software. It is estimated that the provisions of these provisions of the bill can be implemented within the existing level of resources available to the DOR.

Explanation of State Revenues: *(Revised) A)* Providing a motor fuel tax exemption will result in a revenue reduction of the Motor Carrier Surcharge Tax of a small amount. The current rate is \$0.11 per gallon and is paid by a carrier who operates or causes to be operated a commercial motor vehicle on Indiana's highways. The specific impact will depend upon the number of trucks that have been modified. The fund affected is the State Highway Fund.

B) Aircraft License Excise Tax: The bill adds repair station (as defined in the bill) to the list of places a

nonresident may base an aircraft for repair, refurbishment, or remodeling in Indiana for more than 60 days without registering the aircraft for the purposes of imposition of the ALET. Currently an aircraft may only be exempt from this registration if the aircraft is based for repair, refurbishment, or remodeling in Indiana with a dealer. Please note that a nonresident only needs to complete the ALET registration if the aircraft will be based in Indiana for more than 60 days. This provision is not expected to impact revenue from this tax.

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Background Information on the Aircraft License Excise Tax:* In FY 2006, there was approximately \$595,000 in ALET collections. The weight, class, and age of the aircraft determine taxes owed. Revenues are distributed on a quarterly basis to the county where the aircraft is usually located when it is not being operated. However, in Allen County, the funds go to the Ft. Wayne Airport Authority quarterly.

State Agencies Affected: Department of State Revenue; Department of Transportation as recipient of state Highway Funds.

Local Agencies Affected: County Airport Authorities; Ft. Wayne Airport Authority.

Information Sources:

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